



# Minerals West Coast & West Coast Commercial Gold Miners Association

Feedback on Tier 2 Alluvial Gold Mining Application Guidelines.

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## 1. Introduction

Minerals West Coast (MWC) was provided with a copy of the draft guidelines for Tier 2 Alluvial Gold Mining Applications by New Zealand Petroleum & Minerals on 11 May 2016 with feedback on these guidelines requested.

MWC provided these guidelines via e-mail to members of the West Coast Commercial Gold Miners Association (WCCGMA) and requested further feedback.

The comments and issues raised in this document are representative of the view of the members of both MWC and the WCCGMA.

MWC (Hugh Grey & Phil McKinnel) met with NZPAM (Ilana Miller & Jackie Adams) on Tuesday 10 May 2016 and discussed a range of issues relating to Tier 2 Alluvial Gold applications and current permits. This was a result of continued frustrations of both industry and NZPAM.

MWC subsequently provided a proposal to NZPAM that sought a way forward for all parties – it is important from the MWC point of view, that this proposal is given due consideration and that these draft guidelines don't detract from a potential resolution to current issues.

## 2. Comments

### 2.1. Completeness Checks

No issues raised in regard to the completeness checks. The requirements for what is to be included in permit applications are clearly outlined in the Crown Minerals (Minerals Other than Petroleum) Regulations 2007 ('the Regulations).

It should be noted that efforts to speed up processing times and granting of permit applications are strongly supported by MWC and WCCGMA. However it is important that these efforts are targeting areas where effective change can be made without adversely affected the existing industry participants or potential investors.

### 2.2. Initial Evaluations

Concerns have been raised regarding the process for initial evaluations and the competency, skills, qualifications and experience of persons undertaking this assessment. It appears from the guidelines that these assessments have the potential to be arbitrary and significantly affect applicants.

The three criteria that have been included in this initial evaluation and the interpretation and application of these also cause concern for the following reasons:

- Compliance Check

MWC is aware that NZPAM has recently reviewed their compliance programme and has begun to more rigorously enforce the provisions of the Crown Minerals Act, Crown Minerals Regulations and relevant Minerals Programme compared to what has occurred in the past.

MWC understands that the rules have not changed in relation to permit compliance but rather the approach and compliance regime.

It is likely that a large number of permit holders will have technical non compliances with existing permits that have not been assessed or have not been the focus of NZPAM attention previously. While it is understood that it is ultimately the permit holders responsibility to comply with permit conditions, it is considered that NZPAM should use discretion in applying non-compliant status to permit holders who are contributing members of the industry.

- Technical Capability

The assessment of the technical capability of applicant's is another area where arbitrary decisions have the potential to be made.

Many alluvial gold miners have significant practical experience within the industry and are extremely capable operators, but in some instances don't have the formal qualifications to back this experience up. This is especially true for black sand and hobby miners.

It is requested that an advice note is added to this section and flexibility added to any assessment that the technical capability will be assessed against the level of complexity of the permit application. Again this is important for black sand, suction dredge and smaller alluvial operations.

It is important that there are not further barriers to entry to the minerals industry developed.

- Financial Capability

The assessment of financial capability also needs to be assessed in practical terms. While the yearly cost of complying with a work programme may appear to be significant – mining permit applications in particular should be self funding once production commences.

Full financial disclosure should not be considered necessary when assessing small scale permits or applications adjoining currently operating permits.

The wording of 5.3(3) of the 2013 Minerals Programme alludes to this through the language used:

*“An applicant will normally be required to demonstrate that it has sufficient funding available to undertake the proposed work programme”.*

This wording allows for a degree of flexibility and discretion to be applied by NZPAM and this guideline should make this apparent.

There will be instances that full financial disclosure is not warranted and applications should be dealt with on their individual merits rather than a blanket rule applied.

The above is provided for that applications will include feasibility studies, economic viability assessments and other information that provides information relating to financial capability being provided to NZPAM.

### 2.3. General Comments

The theory behind the draft guidelines is sound and should add value to the permitting process, however the target audience needs to be considered.

While the references to legislation, regulations and relevant minerals programme is accurate, the way that this information is communicated is unlikely to add to the understanding gained by persons reading the guidelines in the current form.

- The document in its current form, while providing the necessary information, will not be easily understood by the majority of Tier 2 alluvial permit holders.
- While it may increase the length of the guideline document, if this is aimed at individual permit holders, rather than agents or providers or professional services, the relevant sections of the act, regulations and minerals programme should be reproduced.
- A change to a friendlier and welcoming beginners guide to permitting would be useful.

As touched on in previous sections of this document, there is a wide range of operations that fall under the Tier 2 Alluvial classification – this means that a broad brush approach to permitting is not always going to work. This is especially true for technical ability, skills and experience as well as financial capability.

Where applications provide an assessment of the project economics, mine feasibility then tie in the relevant financial modelling and assessment, this should provide NZPAM with sufficient information to make a decision on the level of information required.

It should also be recognised that for accounting and sometimes tax purposes business finances are managed differently. Some years may see any actual or potential profit invested back into the business through capital expenditure or maintenance programmes.

Therefore it is also important that appropriately qualified and experienced persons are assessing permit applications.